

TEXAS STATE AFFORDABLE HOUSING CORPORATION

BOARD MEETING

Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, Texas 78752

Tuesday,
November 14, 2023
10:30 a.m.

BOARD MEMBERS:

WILLIAM H. DIETZ, JR., Chair
VALERIE V. CARDENAS, Vice Chair
COURTNEY JOHNSON-ROSE, Member
DAVID RASSIN, Member
LEMUEL WILLIAMS, Member

ON THE RECORD REPORTING
(512) 450-0342

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ACTION ITEMS IN OPEN MEETING: none

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ADJOURN

P R O C E E D I N G S

1
2 MR. DIETZ: It is 10:35 a.m., and the Texas
3 State Affordable Housing Corporation Board meeting is
4 called to order.

5 Let's begin with roll call.

6 William Dietz, Chair. I am here.

7 Valerie Cardenas, Vice Chair?

8 MS. CARDENAS: Present.

9 MR. DIETZ: Courtney Johnson-Rose?

10 MS. JOHNSON-ROSE: Present.

11 MR. DIETZ: Lemuel Williams?

12 MR. WILLIAMS: Present.

13 MR. DIETZ: And David Rassin?

14 MR. RASSIN: Good morning. Present.

15 MR. DIETZ: We do indeed have a quorum.

16 So, before we begin, if you'd join me in the
17 Pledge of Allegiance.

18 (The Pledge of Allegiance was recited.)

19 MR. DIETZ: And to the Texas flag.

20 (The Texas Allegiance was recited.)

21 MR. DIETZ: Is there any public comment?

22 (No response.)

23 MR. DIETZ: Hearing none, we'll go straight to
24 the President's Report. Mr. Long.

25 MR. LONG: Good morning, members. Chairman,

1 thank you very much.

2 The monthly program reports and financial
3 reports are under tab items A through C in your Board
4 books. We'll also get into the audit later on in the
5 agenda.

6 The Loan Committee met yesterday. No action
7 was taken as there were no new items for consideration.
8 But the committee did take the time to review the THIF
9 report, which is our Texas Housing Impact Fund, our loan
10 report which includes all of our loan items that are
11 outstanding. No additional items were discussed.

12 I would like to say thank you to Mr. Williams
13 for not only joining us as a member but also for his
14 participation. I really look forward to having Mr.
15 Williams on our loan committee, not only for his input and
16 insight but his feedback. So, we're very excited to have
17 him joining that.

18 MR. WILLIAMS: Thank you.

19 MR. LONG: The Strategic Plan update. As we
20 know, the Corporation contracted with Mission Capital to
21 conduct a series of work sessions and workshops which are
22 inclusive for the Board as well as staff in our process of
23 updating our Strategic Plan, which we've done an annual
24 review and update to the Board, but we haven't done a
25 thorough process in over ten years. So, this is really a

1 good opportunity for us to revisit what our expectations
2 are moving forward, what our goals are moving forward and
3 having all the feedback and input from everybody on that.

4 We completed our first session on October 30.
5 And I want to thank Mr. Rassin and Mr. Williams for their
6 participation, as well as all the staff that participated
7 on that.

8 In preparation for our next session, which is
9 later today, each Board member should have received a
10 Jamboard summary which kind of highlighted what we did
11 during our last session. And we'll use that as a
12 kickstart for going into the next session later today.

13 Maxwell Locke & Ritter, Jimmy Romell and
14 Veronica Day are here to present the audit later on.
15 They've completed their audit and single review, and we
16 are looking forward to their presentation. They made that
17 presentation earlier today to the Audit Committee, and
18 we'll wait for that time for them to give you their formal
19 presentation.

20 I wanted to really just spend a little bit of
21 time just talking with you about the great success we had
22 with our Permanent Supportive Housing Symposium that was
23 held last week, Monday and Tuesday, and we held an academy
24 on Wednesday here at our office.

25 First, let me just say this. Thank you to

1 Katie Claflin, Michael Wilt, and the entire team that
2 participated and put that together. Phenomenal event. We
3 had over 200 registrations, we had a phenomenal turnout.

4 We are very excited about the positive feedback
5 we received, and the speakers, panels, everything went as
6 planned. As we joked, if you were in front of the curtain
7 you really didn't see some of the flaws we experienced; if
8 you were behind the curtain, yeah, we had a few flaws,
9 i.e., one of the buses didn't show up for our day tour.
10 But Michael Wilt stepped up, we go that hotel to offer up
11 a bus so we could get them to the first event, and then
12 from there we Ubered.

13 So, very well done, very well taken care of.
14 And again, just really creative way to make everything
15 look good, and no one seemed to care, and I was very, very
16 impressed and couldn't speak more highly about the staff
17 and what they did. We had a lot of staff from the
18 Corporation that showed up to assist beyond Katie's team.
19 And so, I want to thank all the staff that showed up to
20 just help us guide people between sessions and breakouts
21 and when meals were held.

22 It was held at the Renaissance at the Arboretum
23 in North Austin. It's a rather large hotel with a big
24 open forum in the middle and it took a while to kind of
25 get everybody coordinated on where to go and what to do,

1 but really very excited about that.

2 The one-day academy we had which was the very
3 next day, I just want to thank everybody that showed up
4 for that. We had some great participation. I think 25-30
5 people showed up here at the office and we held it right
6 here in this room.

7 The presenters did a really good job, and I
8 just appreciate everybody that showed up. And again,
9 staff did a really good job of making sure that went off
10 without a hitch, finding parking for everybody, and our
11 parking lot is not a great way to go about things, but it
12 worked out really well.

13 Again, the Corporation -- and Katie and her
14 team did a phenomenal job, so I would just say we raised
15 more than \$120,000 in support of this symposium and the
16 follow-up academy. And we want to thank all of our
17 sponsor organizations, and so I'm going to go on record
18 and read them into the record as to who was there to
19 support us.

20 They included JPMorgan Chase, Lakeview Loan
21 Servicing, Texas Capital, Dominion, Insperity, Regions
22 Bank, CSH, Capital Impact Partners, Texas Homeless
23 Network, Federal Loan Bank at Dallas, HousingWorks Austin,
24 PNC, Frost Bank, and Bank of America. And without their
25 support we would not have been able to do this. And we

1 were able to even offer some registrations comped to some
2 of participants since we had so much funding.

3 So, again, thank you to everybody. There is
4 pictures and other things that we can share with the Board
5 over time. I'm sure we'll do some type of release that we
6 can put out and let the Board members see what was going
7 on.

8 But again, just a huge thank you to everybody,
9 and I'm so proud to have been a part of it and have a
10 chance to be in the opening and closing and be around to
11 watch everything that went on. So far, I think we've had
12 great remarks. If there's some bad remarks, that's okay.
13 We'll take those and learn from those and see how we can
14 improve on the next one.

15 MR. DIETZ: There are some social media
16 postings about that. Correct?

17 MR. LONG: Yes.

18 MR. DIETZ: If Board members want to look at
19 the social media account.

20 MR. LONG: And some pretty good pictures if you
21 excuse the ones that I'm in, but the other ones are really
22 pretty good.

23 On to some other program updates. Single
24 Family Programs, I would say it's slowed down
25 considerably. We are going to have an agenda item in

1 front of you today that will identify how we're going to
2 utilize some of the funding that Joniel LeVecque presented
3 to the Board last month. And now we're moving that
4 forward and trying to allocate the resources, both to MCCs
5 as well as the bond program, so that agenda item will be
6 in front of you today.

7 We still do our lender trainings. We have
8 quite a bit of interest in our lender trainings and our
9 realtor trainings. That continues to be a very strong
10 marketing tool for us to have them trained and
11 understanding our program so when they're offering
12 programs, our programs are at the forefront. We also
13 continue to have loan officers sign up to complete our
14 required training which allows them to participate and to
15 utilize our programs with any borrowers that come to them.

16 And we continue to have lenders sign up, while
17 we don't have as many signed up right now; the market has
18 slowed. I'm sure most of the Board members would attest
19 that the rates have not been real productive for house
20 purchasing. But believe it or not, people are still doing
21 it and we appreciate the opportunity to have anybody use
22 our programs and be part of the programs that we offer.

23 On to fundraising. The Corporation has
24 received an additional \$35,000 in grant funding from Bank
25 of America, Frost Bank and PNC. Again, that money was

1 part of the funding that we received in support of the
2 Permanent Supportive Housing Academy which was our one-day
3 session after the symposium.

4 We also have submitted a two-year \$80,000 grant
5 to the Texas Financial Education Endowment in support of
6 our 2024 and 2025 Housing Connection trainings for housing
7 counselors and our developers. So, we'll update you as to
8 that progress and see if we get that money.

9 Other events. The Texas Association of CDCs,
10 Community Development Corporations, held their one-day
11 policy summit last week on Thursday. Several of us
12 attended, and Michael Wilt actually moderated one of the
13 panels, so again, staying involved in not only our own
14 activities but other activities as much as possible.

15 With that, Mr. Chairman, our next Board meeting
16 is scheduled for Tuesday, the 19th of December. We'll
17 continue to monitor and certainly ask the Board members to
18 let us know if there is a conflict in their schedule.

19 With that, I'll conclude my remarks unless
20 there's any questions.

21 MR. DIETZ: Any comments or questions from the
22 Board?

23 (No response.)

24 MR. DIETZ: So, we'll go right into our action
25 items. Thank you for that, Mr. Long.

1 Tab 1 is the Presentation, discussion and
2 possible approval of the minutes of the Board held on
3 October 24, 2023. Are there any comments, questions,
4 corrections, discussion?

5 (No response.)

6 MR. DIETZ: Then if not, is there a motion?

7 MR. RASSIN: So, moved.

8 MR. DIETZ: Is there a second?

9 MR. WILLIAMS: Chair, this is Lem. I'll second
10 that.

11 MR. DIETZ: Great. It's been moved and
12 seconded.

13 Is there any public comment?

14 (No response.)

15 MR. DIETZ: All in favor please say aye.

16 (A chorus of ayes.)

17 MR. DIETZ: Any opposed?

18 (No response.)

19 MR. DIETZ: The minutes are approved as
20 presented.

21 Tab 2, the Presentation, discussion and
22 possible approval of the annual independent financial
23 audit for the fiscal year ending August 31, 2023.

24 MR. LONG: Mr. Chairman, I'll step aside and
25 let Nick Lawrence, our controller, as well as Maxwell

1 Locke & Ritter representatives come up and make that
2 presentation.

3 MR. DIETZ: Great.

4 MR. LAWRENCE: Nick Lawrence, controller.

5 We are required by state statute to have an
6 annual audit. We have Jimmy Romell from Maxwell Locke &
7 Ritter to present the fiscal year '23 audit.

8 MR. ROMELL: Thanks, Nick.

9 Good morning, everyone. Jimmy Romell, Maxwell,
10 Locke & Ritter.

11 This morning we'll be going through our audit
12 report for your fiscal year ended August 31, 2023. And we
13 did just discuss this in much greater detail with the
14 Audit Committee this morning, so I'll go a little bit on
15 the higher level with the full Board. But, obviously, if
16 you have any questions for me as I go through, please let
17 me know.

18 So, we are issuing an unmodified or clean
19 opinion, which is the highest level of assurance we can
20 provide as your external auditor. I want to point out
21 that included in the audit report this year are a few of
22 the entities that were formed by TSAHC that are considered
23 to be component units. They are actually blended within
24 the results of the Corporation for your fiscal year '23.

25 There wasn't a lot of impact this year because

1 the only balances those entities -- there's actually only
2 two that have balances -- was just the initial capital
3 contribution from the Corporation to those entities, so
4 just the cash that those entities hold are included within
5 the operations of TSAHC. Just wanted to point that out
6 because that is new for fiscal year '23. And then on a
7 go-forward basis, we'll continue to have that activity in
8 the financials of TSAHC.

9 Moving on to the financial statements which
10 begin on page 11, your statement of net positions, total
11 assets for the year were about \$404.7 million, which is an
12 increase of about \$112.8 million from fiscal year '22.
13 The primary reason for the increase was an increase in
14 your notes receivable for your second lien program, as
15 well as restricted investments related to any proceeds
16 from the issuance of the Series 2023A bonds during fiscal
17 year '23. Total liabilities for the end of the year were
18 about \$85.1 million, an increase of about \$61.1 million
19 for fiscal year '23, which once again was primarily due to
20 the issuance of the bonds during fiscal year '23.

21 Page 13 is going to be your statement of
22 revenues, expenses and changes in net position for the
23 year. Overall revenues of about \$86.5 million, a decrease
24 about \$21.1- from fiscal year '22, primarily due to less
25 single family income due to higher mortgage rates during

1 the year. Expenses of about \$34.9 million during fiscal
2 year '23, which is an increase of about \$25.6 million from
3 fiscal year '22. Primary reason for the increase, there's
4 about \$23 million of loan forgiveness expense that was
5 recognized during fiscal year '23.

6 Your second lien notes are a three-year
7 forgivable note, so at the initial inception of those
8 notes you record the full amount of the revenue but the
9 expense isn't recognized until the actual forgiveness is
10 taken. And so, there were several that met that
11 forgiveness criteria during fiscal year '23, so that's why
12 there was a significant increase in the amortization
13 expense related to those notes. And that will continue,
14 obviously, on a go-forward basis now that more of these
15 notes will start hitting that three-year forgiveness mark.

16 And moving on and beginning on page 16 there
17 are going to be the notes to the financial statements.
18 From an overall audit perspective, there was one new
19 accounting standard that was implemented during fiscal
20 year '23, but actually had no significant impact to the
21 financials for the Corporation. But there is disclosure
22 of that implementation on page 22 of the financial
23 statements.

24 And then every year as part of our audit, we do
25 review compliance with the Public Funds Investment Act,

1 and we just want to note that there were no instances of
2 non-compliance under the PFIA for fiscal year '23.

3 And then further on, information about
4 outstanding notes and bonds payable begin on pages 33 and
5 34. As I mentioned, there was an issuance of bonds during
6 fiscal year '23, so that bonds payable amount increased
7 from the prior year. But, overall, about \$2.1 million in
8 outstanding notes payable and about \$76.2 million of
9 outstanding bonds payable as of the end of the fiscal
10 year.

11 And then as part of the audit every year we are
12 required to perform our audit under Government Auditing
13 Standards, so there's a report in our audit that indicates
14 that we did perform our audit under Government Auditing
15 Standards. So, we just want to report that we actually
16 had no reportable instances of non-compliance under
17 Government Auditing Standards and also had no material
18 weaknesses in internal controls over financial reporting
19 for those standards.

20 And then, if you want to skip ahead all the way
21 to page 46, we also do what's called a single audit for
22 both a federal and a state program as part of our audit
23 requirements. So, on page 46 this will show the schedule
24 of expenditures of federal and state awards for fiscal
25 year '23. And you'll see there, there are two programs

1 that we tested under our single audit. On the federal
2 side we tested the CMF program which we've tested the last
3 few years, and on the state side we tested the Affordable
4 Housing Partnership program which we tested in fiscal year
5 '22 as well.

6 And then beginning on page 48 is going to be
7 schedule of findings and questioned costs. This just
8 gives an overall summary of the information that was
9 included in the audit document. The one thing to note
10 here, we actually did have one instance of non-compliance
11 related to the federal program that we tested, and it
12 relates to the reinvestment timing.

13 So, as part of that program, any time principal
14 is repaid back to the Corporation, you have a certain
15 amount of time to commit those funds for reinvestment.
16 So, the Corporation did reach out to the granting agency
17 to try to get an extension on the timeline.
18 Unfortunately, that was denied.

19 So, as of the end of the fiscal year there was
20 still about \$700,000 of funds that had not been committed
21 that were required to be under the grant agreement. So,
22 that's what is driving the compliance requirement and
23 finding that were included in here.

24 And so, on top of that, any time you have a
25 compliance finding, there is a requirement to have a

1 schedule of corrective action plan by management of an
2 entity, so that is detailed out on page 51. And what that
3 indicates is it talks about what the corrective action
4 plan is, who is responsible, and also the timing of that.

5
6 And then just as a reminder, because we had a
7 finding this year, on a go-forward basis, next year we'll
8 have to essentially present a summary or an update on the
9 status of that finding to indicate if it's still pending
10 or if it's been closed. So, essentially, any time you
11 have a finding, it ends up on the report for two years,
12 assuming there isn't any further information that comes
13 about the subsequent year.

14 And then, the other documents that we cover
15 with the Board is there is a required governance
16 communication that we have with the Board at the end of
17 the audit process, and included in that correspondence we
18 do mention as well the new accounting standard that was
19 implemented during the year.

20 Just want to point out also that we had no
21 disagreements or difficulties in performing the audit this
22 year. Definitely want to thank Nick, Melinda, Betsy, and
23 everyone here at the Corporation for all their assistance.

24 We actually had no audit adjustments as part of our audit
25 as well.

1 And then, a final document that we're preparing
2 this year is every other year, even though we do review
3 compliance with the PFIA every year, we're required to
4 actually provide a deliverable every other year to
5 indicate that we reviewed that compliance with the PFIA
6 and ultimately that we had no instances of non-compliance
7 under the PFIA. So, that is third document that we'll be
8 finalizing with the Corporation this year.

9 And with that, I'm open to any questions you
10 may have for me.

11 MR. DIETZ: I know in some years past there
12 have been like management notes, basically a reply. Is
13 there anything like that?

14 MR. ROMELL: We actually have no either
15 reportable items in internal control or even
16 recommendations, so nothing this year.

17 MR. DIETZ: Great. And I know that that you
18 went before our Audit Committee earlier this morning.

19 Ms. Cardenas, did you have anything that you
20 wanted to present to the Board or point out?

21 MS. CARDENAS: You know, during Audit
22 Committee, you know, Maxwell Locke, Jimmy, and then our
23 staff, right -- I just want to commend them on all the
24 work, because it was noted that they did provide all
25 required documentation in a timely manner, and it resulted

1 in a very positive audit finding. The team reported on a
2 more granular level, and as an Audit Committee we were
3 very comfortable -- they were very transparent, you know,
4 with the minor finding, the compliance finding. And as
5 such, we're recommending that this report come for
6 approval before the Board today.

7 MR. DIETZ: Thank you.

8 Any other comments or questions from the Board?

9 (No response.)

10 MS. JOHNSON-ROSE: Mr. Chair, I make a motion
11 that we approve the annual independent financial audit for
12 the fiscal year ending August 31, 2023.

13 MR. WILLIAMS: Mr. Chair, this is Lem. I'll go
14 ahead and second that.

15 MR. DIETZ: It's been moved and seconded that
16 the annual independent financial audit for the year ending
17 August 31, 2023, be approved as presented.

18 Is there any public comment?

19 (No response.)

20 MR. DIETZ: All in favor please say aye.

21 (A chorus of ayes.)

22 MR. DIETZ: Any opposed?

23 (No response.)

24 MR. DIETZ: The audit is approved as presented.

25 Thank you very much for everybody's work.

1 MR. ROMELL: Thank you.

2 MR. DIETZ: Tab item 3, Presentation,
3 discussion and possible approval of a resolution to
4 approve the Corporation's Fiscal Year 2024 Investment
5 Policy.

6 MS. SMITH: Good morning. Melinda Smith. I'm
7 the Chief Financial Officer.

8 The Public Funds Investment Act requires that
9 we have an Investment Policy, and it also requires that we
10 have the policy approved annually. So, that's what we're
11 doing here, bringing that investment policy to you.

12 We had our investment advisors review the
13 policy for us to see if there was anything that they
14 thought we should update or include that we had not
15 already included, and the one thing that came up was to
16 reduce the number of hours that we're required to have
17 continuing professional education. We had ten hours in
18 our investment policy on page A6 and we're only required
19 by statute to have five hours, so we changed it.

20 And that was the only change we made, and we're
21 requesting that the Board please approve the resolution to
22 approve the 2024 Investment Policy.

23 If you have any questions about the policy or
24 anything in it, please let me know and I'll try to answer
25 your questions.

1 MR. WILLIAMS: Chair, this is Lem. I just have
2 a question.

3 So, Melinda, help me understand here. So,
4 today you've completed ten hours of continuing education,
5 but it's stating that you only need five. Are you being
6 penalized for having more continuing education?

7 MS. SMITH: Oh, no, not at all.

8 MR. WILLIAMS: Okay. I mean, that's just
9 pretty much what it is.

10 MS. SMITH: We just thought if we're only
11 required to have five, that would make it a lot easier for
12 us, so we decided -- and since that's the requirement in
13 the statute, we thought why not change it.

14 MR. WILLIAMS: Okay.

15 MR. DIETZ: Because the chief investment
16 officer is you. Is that correct?

17 MS. SMITH: Yes.

18 MR. DIETZ: But, it doesn't have to be you, it
19 could be somebody else that Mr. Long decides to appoint,
20 but just by custom, it's always been our CFO.

21 MS. SMITH: Right, correct.

22 MR. WILLIAMS: Sorry. I was just a little
23 confused because I was like, why are we penalizing you for
24 education.

25 MR. DIETZ: It sounds like we just internally

1 required more than the statute.

2 MS. SMITH: We did. We just did what's
3 necessary. It's been great, we've done it for years and
4 years and years.

5 MR. DIETZ: Great. Any other questions or
6 comments?

7 (No response.)

8 MR. DIETZ: Is there a motion?

9 MS. CARDENAS: Mr. Chair, I propose we approve
10 tab item 3 as presented.

11 MR. DIETZ: Is there a second?

12 MS. JOHNSON-ROSE: Second.

13 MR. DIETZ: It's been both moved and seconded
14 that we approve the Corporation's Fiscal Year 2024
15 Investment Policy as presented.

16 Is there any public comment?

17 (No response.)

18 MR. DIETZ: Hearing none, please say aye if you
19 approve.

20 (A chorus of ayes.)

21 MR. DIETZ: Any opposed?

22 (No response.)

23 MR. DIETZ: It's approved as presented. Thank
24 you very much.

25 MS. SMITH: Thank you.

1 MR. DIETZ: Tab item 4 is the Presentation,
2 discussion and possible approval of the Corporation's
3 Fiscal Year 2024 Broker Listing.

4 MS. SMITH: Again, my name is Melinda Smith.
5 I'm the CFO.

6 And like the Investment Policy, the Public
7 Funds Investment Act and our policy require that we
8 approve the broker/dealer list annually. And this is the
9 list of brokers that our investment advisors use to bid
10 investment purchases for us. They're required to do three
11 for each one, and this is the list that they have
12 approved.

13 And so, we're asking you to approve the list,
14 and this is for 2024.

15 MR. DIETZ: Any changes to the list?

16 MS. SMITH: There were. There were quite a few
17 added, and I apologize, I didn't do a redline because when
18 I did it, it just sort bled red. But I can provide you
19 with that.

20 Meeder Public Funds is the investment group
21 that we're currently using to purchase investments and
22 they also help us with our compliance with the Public
23 Funds Investment Act. Linda Patterson of Patterson &
24 Associates, she sold her firm to them, but she's still
25 there and she still runs the Austin office and deals with

1 all of our investments like always.

2 But this is their broker/dealer list, Meeder's
3 broker/dealer list, and they expanded it quite a bit
4 because they just deal with more brokers, which for us is,
5 I think, better for us to have more out there that we can
6 draw upon.

7 MR. DIETZ: Any questions or comments?

8 MR. RASSIN: I do have one. How do we audit
9 each of these broker/dealer's compliance with our
10 requirements?

11 MS. SMITH: How do we audit their compliance?

12 MR. RASSIN: With our requirements.

13 MS. SMITH: Meeder does that for us. As part
14 of their contract with us, they have to do that to make
15 sure that all of these people receive our investment
16 policy and they're not allowed to do anything that doesn't
17 comply with our investment policy. And so, they will get
18 a new policy based on today's meeting and it will go out
19 to all of these brokers and they will certify that they
20 received it, understand it, and those certifications are
21 maintained by Meeder, but we can also request them.

22 Is that what you were asking?

23 MR. RASSIN: I think that answers that
24 question. Thank you.

25 MS. CARDENAS: Like with any vendor, like a

1 vendor manager, we have a right to ask for their reports,
2 not just on this, right. But if there's anything that's
3 occurring with that particular firm, they would need to
4 disclose that to us?

5 MS. SMITH: Yes. And, in this case, they
6 specifically do this for us. It's delineated that they
7 will provide this investment policy to all of these
8 brokers and they will obtain the certification. It's a
9 written certification on each one.

10 MR. DIETZ: And then primarily -- so our
11 investment advisor, Meeder, is managing mostly a bond
12 portfolio, and this really represents just a list of
13 brokerage firms from which they're buying bonds. Correct?

14 MS. SMITH: Yes, or any other investment.

15 MR. DIETZ: So, we don't have any custody
16 relationships with anybody on the list or anything like
17 that, it's just these are the people that Meeder is
18 allowed to buy bonds from.

19 MS. SMITH: Yes, exactly.

20 MR. DIETZ: Any other questions, comments?

21 (No response.)

22 MR. WILLIAMS: Chair, Lem. I'd like to make a
23 motion on tab item 4 to approve the Corporation's Fiscal
24 Year 2024 Broker Listing.

25 MS. CARDENAS: Second the motion.

1 MR. DIETZ: It's been moved and seconded that
2 we approve the broker/dealer list as presented for fiscal
3 year 2024.

4 Is there any public comment?

5 (No response.)

6 MR. DIETZ: All in favor please say aye.

7 (A chorus of ayes.)

8 MR. DIETZ: Any opposed?

9 (No response.)

10 MR. DIETZ: And please note for the record that
11 I'm going to abstain from this vote due to my financial
12 relationships with some firms on the list.

13 MS. SMITH: Thank you.

14 MR. DIETZ: It does pass as presented. Thank
15 you very much.

16 Tab item 5 is the Presentation, discussion and
17 possible approval of a resolution regarding applications
18 for qualified mortgage bond volume cap related to
19 qualified mortgage bonds or mortgage credit certificates
20 associated with 2022 carryforward and 2023 volume
21 allocation, the conversion to mortgage credit
22 certificates, and containing other matters incident and
23 related thereto.

24 MS. LeVECQUE: Good morning, Mr. Chairman and
25 members of the Board. I'm Joniel LeVecque. I'm the

1 senior director of Single Family Programs.

2 I know you've seen me up here a lot in the last
3 few months. And I actually was here last month and got
4 Board approval for authorizing TSAHC to convert all of the
5 remaining 2022 carryforward and two 2023 certificates of
6 reservation into one or more applications for the mortgage
7 credit certificates programs. All three of those volume
8 allocations totaled \$523,570,628.

9 And the resolution before you today may sound
10 familiar because we are summarizing and restating the
11 previously approved resolutions, along with adding the
12 ability to use that volume allocation for either mortgage
13 credit certificates or a mortgage revenue bond program.

14 As David mentioned to you before, we are
15 considering, and we'll probably come back to you next
16 month with a resolution approving us to have a bond
17 program next year to help in this high-rate environment.
18 The bond program offers lower rates. So, the last
19 resolution approval before you only included mortgage
20 credit certificates, so this adds that option of an
21 opportunity to have a bond program as well.

22 This resolution also asks your approval to
23 authorize TSAHC to submit an additional application for
24 2023 traditional carryforward to the Texas Bond Review
25 Board for a reservation of qualified mortgage bonds or

1 mortgage credit certificates. And, unfortunately, that
2 amount won't be available until after November 15, so at
3 this point we're not sure what that amount will be. We
4 currently have an application for \$500 million in line for
5 the August 15 collapse, and we do not know what the
6 outcome of that application will be.

7 Actually, today is the last day to award those
8 applications that were turned in during the August 15
9 collapse, so after this date, any available volume cap
10 will be available as traditional carryforward. So, your
11 approval of today's resolution authorizes TSAHC to apply
12 for traditional carryforward in the maximum amount
13 available. Again, we don't know what that amount will be
14 today, and it may not even become available, but we will
15 want to be prepared and have that flexibility to apply
16 when it does.

17 So, I'll accept any questions that you have at
18 this time, and I ask your approval of this resolution.

19 MR. DIETZ: Any questions, comments?

20 MS. CARDENAS: So, that's separate from the
21 November 15 one? That we don't know the amount, that's
22 separate from 500 number you mentioned.

23 MS. LeVECQUE: Correct, yes. So, we already
24 have certificates of reservation for the \$523 million, and
25 so this resolution is just giving us the authority to

1 utilize it for either MCCs or a mortgage revenue bond
2 program.

3 The other part of the resolution is giving us
4 authority to apply for additional volume cap during the
5 traditional carryforward period. There's various periods
6 throughout the year that we can apply for volume cap, and
7 this was a new one. So, it kind of combines all the
8 previous resolutions we've brought before you, summarizes
9 those, and adds additional flexibilities as well.

10 MR. DIETZ: Any further questions or comments
11 or discussion?

12 (No response.)

13 MR. DIETZ: Is there a motion?

14 MS. CARDENAS: I motion to approve tab item 5
15 as presented.

16 MS. JOHNSON-ROSE: Second.

17 MR. DIETZ: It's been moved and seconded that
18 we approve the resolution regarding applications for
19 qualified mortgage bond volume cap related to qualified
20 mortgage bonds or mortgage credit certificates associated
21 with the 2022 carryforward and 2023 volume allocation, the
22 conversion to mortgage credit certificates, and containing
23 other matters incident and related thereto.

24 Is there any public comment?

25 (No response.)

1 MR. DIETZ: Hearing none, all in favor please
2 say aye.

3 (A chorus of ayes.)

4 MR. DIETZ: Any opposed?

5 (No response.)

6 MR. DIETZ: It's approved as presented. Thank
7 you.

8 MS. LeVECQUE: Thank you.

9 MR. DIETZ: That leads us to tab item 6 which
10 is the Presentation and discussion of the Texas State
11 Affordable Housing Corporations Fiscal Year 2023 and 2024
12 Strategic Plans.

13 Before we get into tab item 6, can I poll the
14 Board to find out who is going to be here at one o'clock
15 for our strategic planning discussion.

16 David will be here, Courtney will be here.

17 MR. WILLIAMS: I won't.

18 MR. DIETZ: Lem will not be here.

19 Do we know if Valerie will be here? She will
20 not be?

21 MR. LONG: I don't know.

22 MR. DIETZ: We don't know.

23 MS. DeLEON: She has to leave at 1:30, she told
24 me.

25 MR. DIETZ: Okay. And I will not be. That

1 means we will have three, it sounds like -- at least Board
2 members here at one o'clock, Mr. Rassin, Ms. Cardenas, and
3 Courtney Johnson-Rose. So, in that case, should we defer
4 tab item 6 to one o'clock?

5 MR. LONG: You can start it, Mr. Chairman, if
6 you would like, because we have staff presentations that
7 we'd like to do. And then at that point we can concur
8 timing-wise with everybody, and then we can go from there.

9 MR. DIETZ: Okay. So, you'd like to make staff
10 presentations now and then hold off on the second part of
11 tab item 6 until one o'clock.

12 Ms. Cardenas, you're going to be here at one
13 o'clock?

14 MS. CARDENAS: I leave at 1:30.

15 MR. DIETZ: Leave at 1:30. Okay. So, she'll be
16 here for the beginning of that.

17 So, for clarity, the reason I asked that
18 question, if we have three Board members, then it is part
19 of our public open meeting. So, we'll begin tab item 6,
20 and then to avoid any redundancy, we'll just take a recess
21 from the meeting and then call the meeting back into order
22 at one o'clock.

23 Is that correct, Routt?

24 MR. THORNHILL: You adjourn for lunch and then
25 come back after lunch. No designated time, you just have

1 to designate in the meeting when you're going to come
2 back.

3 MR. DIETZ: Great. So, just so everybody knows
4 what we're doing, we'll do that at the appropriate time
5 during the tab item 6 presentation just to avoid
6 redundancy, repeating things that we're going to talk
7 about during this Board meeting. Sound good?

8 MS. TAYLOR: Sounds good.

9 MS. JOHNSON-ROSE: Mr. Chair, I do need to be
10 excused shortly, but it will keep the quorum, so you can
11 still keep going.

12 MR. DIETZ: Yes. Step out when needed --

13 MS. JOHNSON-ROSE: Musical chairs today.

14 MR. DIETZ: We've got a full Board today, so
15 we're good on the quorum.

16 MS. JOHNSON-ROSE: Good deal.

17 (General laughter.)

18 MR. DIETZ: On to tab item 6.

19 MS. TAYLOR: Thank you. And this is not a
20 voting item which is also good for quorum purposes.

21 This is Janie Taylor. I'm the Executive Vice
22 President. And good morning, Chairman Dietz and Board
23 members.

24 You're going to be hearing from some of the
25 staff this morning. They're going to be presenting their

1 individual strategic plans for their departments for
2 fiscal year 2023, which is what just ended at the end of
3 August, and then the new one that they worked on. And
4 you'll be hearing from Dave Danenfelzer and Cassandra
5 Ramirez for Development Finance, and you should have those
6 copies with you; they're paper clipped.

7 And then, you'll be hearing from Celina Stubbs.
8 She'll be going over Asset Oversight in the rental
9 program. And then, I will finish it up at the end with
10 some administration goals and tactics. And then, as Mr.
11 Dietz stated, we will break for lunch and come back and
12 continue with this agenda item.

13 So, with that, I'm going to pass it over to
14 Dave Danenfelzer and Cassandra Ramirez.

15 MR. DANENFELZER: Good morning. Dave
16 Danenfelzer, Senior Director of Development Finance.

17 MS. RAMIREZ: Good morning. Cassandra Ramirez,
18 Development Finance Manager.

19 MR. DANENFELZER: I just have a few brief notes
20 and highlights I would like to point out in the report
21 that's before y'all. I'm going to just keep it to those
22 and also have Cassandra make a few notes.

23 The highlights for our 2023 strategic plan
24 report for fiscal year 2023 really focuses both on
25 increases of activity in all of our programs, the

1 Affordable Communities of Texas, the Texas Housing Impact
2 Fund, and our Multifamily Bond programs. You'll note that
3 there's numbers there about, sort of, the calls and emails
4 that we receive every year. And we've had some steady
5 growth in that, which we've always considered an
6 indication that we were doing a good job of outreach of
7 our programs, getting more folks interested and helping
8 them through our process as well.

9 One of the things that's also noted is the
10 outputs as far as loans and bonds that we've closed. \$2.7
11 million in new loans were awarded this past fiscal year.
12 There was also some additional loans closed that were
13 awarded in the previous year. And for bonds being closed
14 on, \$105 million this last fiscal year totaling 691 units.

15 One of the key things to understand there too
16 is that we will see gradual increases on bonds typically,
17 but it is limited. We have only 10 percent of the state's
18 allocation for multifamily bonds, and that increases based
19 on the state population each year. But, generally, we're
20 only going to see a couple percentage point increases to
21 that number year over year as we utilize our full
22 allocation of bonds.

23 The last thing I'd like to note in our last
24 section of our report for '23, before I turn it over to
25 Cassandra, is that we did go through a very large process

1 of redesigning and developing a brand new database this
2 last fiscal year. Technically, we launched it this fiscal
3 year in 2024, and we'll continue to monitor that process
4 and work on it, but that was a significant achievement for
5 staff this last year, moving from a very old system that
6 ended up becoming unsupportable on our new Sharepoint
7 platform. So, it's been great to see how we've actually
8 finally managed to shift over to the new system, and we'll
9 be moving forward with much more advanced and current
10 technology as far as database services.

11 I'll switch over to Cassandra for some
12 highlights, particularly on what's listed that were new
13 projects and metrics for this past fiscal year.

14 MS. RAMIREZ: Good morning, everyone.

15 Dave asked me to share some construction
16 updates with you all. And starting with 1910 E. MLK, this
17 is TSAHC's multifamily site in East Austin on MLK
18 Boulevard. We hired Urban Foundry Architects a few months
19 back and they've been working with us to develop a site
20 plan and to develop a schematic design for this building.

21
22 We've settled on 30 units of condo housing
23 homeownership, primarily serving households at 80 percent
24 AMI. That's our goal, and we've made a lot of progress
25 with schematically developing the units of the building

1 and we're moving into the design phase with more detail on
2 the site plan. Right now, we are drafting a request for
3 qualifications for contractors and that's going to be
4 circulated soon.

5 So, lots of progress. We're hoping to get
6 plans developed quickly for permitting for budgeting and
7 start construction once we have financing secured.

8 The other big project -- and we've talked about
9 it a lot this past year -- was The Park on 14th. This is
10 TSAHC's project site -- very longstanding project site
11 near downtown Plano. And this past September we closed
12 our HUD D4 loan and started construction.

13 Mid-October I visited with the contractor
14 onsite and the HUD inspector and saw some dirt moving, and
15 that's where they're at. They're approximately 5 percent
16 construction complete with a lot of earth moving, a lot of
17 site work and a lot of foundation prep. We're working on
18 this project with Diana McIver & Associates, so we're
19 collaborating during the construction phase and just
20 excited to be under construction on that one.

21 In regard to main construction projects, we
22 also have a small condo project that's under construction
23 in San Antonio, four units. One is fairly far along with
24 roofing and sheathing and foundations and it's vertical.
25 And two of the lots are just getting their foundations set

1 and one lot hasn't been developed.

2 And, the other project is in Harlingen, Texas.
3 We acquired this past August the Mesquite Wood Phase II
4 subdivision, 22 lots. And, I drove past the site this
5 past weekend and we have forms set for two of the homes,
6 and we just got permits on the other one, so we're going
7 to have three homes under construction very soon. And,
8 we're working with Harlingen Community Development
9 Corporation as our partner on that one.

10 MR. DANENFELZER: With that kind of summary,
11 where I'll wrap up is just to note that our fiscal 2024
12 planned strategic metrics for next year really do copy
13 almost everything we've done in the past, to continue to
14 see how our programs grow, how we do outreach and how we
15 increase production. A couple of new things that we kind
16 of put more detail on is we did have the 632 Carolina
17 project onto the list of things that we're going to
18 specifically report to you as far as the sales of those
19 homes, as well as setting the goal of closing on our
20 construction financing for the 1910 condominium project.

21 And, of course, we'll continue to track all of
22 these programs and projects, including The Park on 14th,
23 with y'all, the Harlingen project and anything else we
24 dream up over the next year.

25 With that, I'll just open it for questions if

1 you have any.

2 MR. DIETZ: Any questions, comments?

3 MS. JOHNSON-ROSE: I just have a comment that
4 I'm so pleased that we are using our funding to get into
5 some construction on our own projects, so very excited
6 about that. Great job.

7 MR. DANENFELZER: Thank you.

8 MR. DIETZ: Thanks for your presentation.

9 MS. RAMIREZ: Thank you.

10 MS. STUBBS: Good morning, Board Chair and
11 Board members. I'm Celina Stubbs, Director of Asset
12 Oversight and Compliance.

13 Today, I'll provide you with an overview of our
14 department's strategic outcomes for fiscal year '23, as
15 well as telling you some more changes for the fiscal year
16 '24. I will be going over all six of our goals, but I
17 promise to be brief, so I'll just get started.

18 So, our first goal is to ensure compliance for
19 properties financed through our private activity bonds and
20 through our Texas Housing Impact Fund programs. We
21 achieved this by performing 56 asset oversight and
22 compliance reports for our bond programs, as well as
23 monitor affordable set-asides and resident service
24 requirements on a monthly basis. During that reporting
25 period, as David Danenfelzer just mentioned, there were a

1 handful of bond deals that just closed that will add about
2 600 units to our portfolio, for a grand total of over
3 7,500 units that we monitor.

4 We also monitor annual program compliance and
5 reporting requirements for properties funded through the
6 Texas Housing Impact Fund. More specifically, we monitor
7 23 Capital Magnet Fund properties, with four in the
8 pipeline, and three affordable housing partnerships, with
9 three in the pipeline. So, that was a lot more properties
10 that kind of came onboard through those programs.

11 Our second goal was to maximize our revenue
12 through the single family rental programs. We did this by
13 retaining 97 percent of our clients, which surpassed our
14 goal of 65 percent. We strive to maintain a target ROI of
15 4 percent across all portfolios.

16 We did very well in our Austin portfolio. We
17 had an ROI of 4.8 and that's with 23 homes in the Austin
18 area. In the San Antonio portfolio, we had an ROI of 3.9,
19 and that's with our eight homes in San Antonio. And then,
20 in the DFW area we had an ROI of 3.6, and that's with ten
21 homes.

22 There's really nothing to worry about there.
23 We added two new homes to that portfolio, and they carried
24 a little bit more of an expense with the higher management
25 fee because of the location from the third-party

1 management company, as well as having a few more make-
2 ready costs and vacancy expenses. So, we should see that
3 go up next year.

4 That totals up to 41 homes, which y'all
5 remember nine years ago we started this program with four,
6 so we're definitely growing.

7 MR. WILLIAMS: Good job.

8 MS. STUBBS: Thank you.

9 Another one of our tactics in this goal was to
10 diversify and expand the location of homes across the
11 state, and in the fourth quarter of the fiscal year we
12 purchased 22 homes in Flint, Texas, which is right outside
13 of Tyler, Texas. And, at that time, when we closed, which
14 was just literally a few days before the fiscal year
15 ended, we were 96 percent occupied. So, we'll be able to
16 report on that ROI next year.

17 For our third goal, we manage Rollins Martin
18 Apartments which is a 15-unit community here in East
19 Austin, and ensure low income tax credit compliance. We
20 retained 100 percent of our tenants at that property, we
21 conducted all of our federal and state reporting
22 requirements for TDHCA. We had a UPCS inspection in May
23 of 2023; there was one finding identified that was
24 corrected within the required period.

25 Our fourth goal is to promote department

1 programs, industry changes, and maintain compliance
2 monitoring contracts. We managed protoGen contract where
3 we were a third party to review move-in tenant files to
4 ensure program eligibility for whatever programs that
5 development had -- or those developments have, and we
6 managed that successfully. But, we did make a decision to
7 terminate that contract.

8 We maintained it for five years and when it
9 came to us there were several properties that we were
10 monitoring. And in the past two years, the owner started
11 selling off his properties, so we were down to two
12 properties, maybe two or three files a month, which just
13 wasn't beneficial to us or profitable at that time, so we
14 did terminate that contract.

15 Our fifth goal was to maintain safety for our
16 affordable rental programs with optimal maintenance, and
17 over the course of the fiscal year we completed all of our
18 orders in an average time of nine days which well
19 surpassed our goal of 12 days. So, we're really, really
20 thrilled about that with our lead technician, Jesse
21 Sepeda, who was able to accomplish that for us. We also
22 conducted semiannual inspections and conducted them timely
23 for our Austin portfolio, and issues, if any, that were
24 noted were adequately taken care of at that time.

25 Our sixth and final goal was to manage the

1 performance of commercial office spaces. Again, we
2 retained 100 percent of our tenants at our commercial
3 spaces. We've got two that you're familiar with, 1910 MLK
4 and 2200 MLK. We had a few tenant concerns throughout the
5 fiscal year that were all addressed, and so everybody was
6 still happy with us.

7 But that's it, that concludes our outcomes for
8 fiscal year 2023, and I can answer any questions that you
9 may have.

10 MR. DIETZ: Questions, comments?

11 (No response.)

12 MS. STUBBS: Okay. Then I'll move on to 2024.

13 So, moving on, while our goals remain
14 relatively the same, there were minor changes to the
15 initiatives that I want to point out.

16 So, we removed Goal 4 entirely, which was to
17 promote department programs, maintain contract services
18 since we no longer have the capacity to offer that at this
19 time. And we also removed Goal 6 which was to manage the
20 performance of commercial office spaces, and that just got
21 moved into Goal 3. And so, now, Goal 3 is going to
22 capture all of our rental program activities.

23 We created Goal 5 which will capture the
24 responsibilities and management of all third-party
25 property management contracts as we now oversee three in

1 all three of the areas.

2 And then, we created a Goal 4 to capture the
3 progress in creating, implementing and overseeing a new
4 rent-to-own homeownership program in Flint, Texas.
5 Unfortunately, I don't have any major details to share
6 with you at this time. It's something that's in the
7 development stage, but really looking forward to sharing
8 those with you in the near future.

9 So, that concludes my department's outcomes and
10 plans for 2024. Any questions?

11 MS. CARDENAS: So, as you've grown -- I know
12 it's nine years that you've grown. Do you feel you've got
13 everything you need to continue to run these programs
14 adequately?

15 MS. STUBBS: I do. There was a little bit of
16 a shift change -- I was looking forward to this question,
17 by the way -- we changed our department internally. We
18 are growing with the rental program. We want to launch a
19 new program for homeownership, so we, kind of, reorganized
20 our department.

21 When we hired a new staff, Ms. Vanessa Franco,
22 who is sitting back here right behind me, we decided to
23 dedicate her position to being a property manager. That
24 is her full-time job is to make sure that this portfolio
25 grows as well as creating a new program.

1 I also met with executive staff and asked for
2 another writer for our AOC department, for the Asset,
3 Oversight and Compliance reporting, which they were very
4 gracious and granted. And so, I have gone through the
5 process of finding someone and hiring them with a start
6 date of December 15.

7 So, while there's going to be a lot of learning
8 curve and a lot of training ahead of us, I'm very, very
9 happy about where we're going to be next year.

10 MS. CARDENAS: Good.

11 MS. STUBBS: Any other questions?

12 MS. CARDENAS: Apparently, I beat him.

13 MR. WILLIAMS: I was trying to find a question,
14 but no, I'm not going to do that.

15 (General laughter.)

16 MS. STUBBS: Well, if there's no other
17 questions, thank you for your time.

18 MR. DIETZ: Thank you.

19 MS. TAYLOR: Great job by all of them.

20 Okay. So, I'm going to wrap this part of it.

21 I think it's still morning, so good morning, Chairman
22 Dietz and Board members. I will be presenting the
23 strategic plan for the administration areas.

24 The administration and accounting plans that
25 you have before you cover big picture, budget, management

1 and policy goals and tactics. As you know, we will be
2 having in-depth conversations this afternoon regarding our
3 strategic plan, and many of the topics we will discuss at
4 that moment will be related to kind of these big picture
5 goals for the organization.

6 So, I'll get started with fiscal year 2023, and
7 I'm just going to go over a few tactics under Goal 2 in
8 Tactic 3.

9 We have been following a schedule to RFP for
10 professional services. In 2019, we RFP'd many of the
11 services provided by our various counsel, law firms and
12 financial advisors, so the next time those contracts are
13 eligible for a new RFP is late next year. That would be
14 the earliest.

15 Of course, we could always do it earlier if for
16 whatever reason somebody drops out and they can no longer
17 provide services to us; we've done that in the past. But
18 continuing with that schedule, that's what we would do.

19 However, this past fiscal year we did RFP for
20 architect firms to design the condo project on 1910 MLK
21 that Cassandra mentioned. And then, we also RFP'd for
22 marketing firms to help us promote our homebuyer programs
23 in Harris County that Katie Claflin mentioned last month
24 during her presentation.

25 So, moving on to Goal 4 in Tactic 1, this past

1 year, we made a few changes to our organization chart.
2 Under homeownership, we collapsed the business development
3 functions and the compliance functions under one senior
4 director, who is Joniel LeVecque.

5 And as you just heard from Celina, under asset
6 oversight and the rental programs we made several changes,
7 such as hiring a dedicated property manager, and then
8 Celina became the director of the team as well.

9 So, you'll see under Tactics 2, 3, and 4 that
10 our CFO Melinda Smith is listed as the person who makes
11 sure those documents are updated. She isn't here, but I
12 do want to thank her for always making sure our policies
13 and procedures are revised throughout the year as needed.
14 She takes that on.

15 So, the last tactic I'm going to touch on for
16 fiscal year 2023 is number 8. We have worked hard with
17 supervisors, managers, directors to ask them to meet
18 regularly with their staff and establish a schedule that
19 works for them.

20 So, these one-on-one meetings that they're
21 having individually with their staff, I'm glad to say that
22 pretty much all of them are having those now on a regular
23 schedule, either weekly, bimonthly or sometimes monthly,
24 depending on the role. But you know, we don't have to
25 encourage or remind them to do that; it just happens now,

1 and that's really great to see.

2 So, before I move on to fiscal year 2024, do
3 you all have any questions of me?

4 MR. WILLIAMS: I do. I'm going to go first.

5 MS. TAYLOR: Yes, before Valerie.

6 (General laughter.)

7 MR. WILLIAMS: I guess, under Department Goal
8 2, I guess, Goal 3 for 2023, you mentioned our practice is
9 to issue an RFP every five to seven years from the
10 previous RFP. I guess, kind of, what's that number that
11 you would issue RFPs?

12 MS. TAYLOR: I'm sorry. Could you further
13 explain that?

14 MR. WILLIAMS: Yeah. So, I mean, it just says
15 issue RFPs every five to seven years. I guess, within the
16 five to seven years, are you issuing two RFPs, three RFPs?

17 MS. TAYLOR: So, it depends on when we last did
18 an RFP for a particular service.

19 MR. WILLIAMS: Okay.

20 MS. TAYLOR: So, in 2019, we did do an RFP for
21 general counsel, bond counsel, issuer counsel, joint
22 venture counsel, and financial advisors for bonds for
23 multifamily and single family.

24 We did a lot of them in 2019, a lot of them
25 were overdue, and at that point, if you recall, Mr. Dietz,

1 we discussed having a more regular schedule, and so we
2 added it to our goals. So, if we're using that five to
3 seven year timeline, since they were done in late 2019,
4 late 2024 would be the next time they're eligible. But
5 then we do some ad hoc as needed.

6 MR. WILLIAMS: It sounds like it could
7 fluctuate based upon, I guess, kind of the length of the
8 contract award of the RFP.

9 So, if the RFP is for one year, then of course,
10 that's going to -- like you said, if you go ad hoc, or if
11 it's two years or three years, so that number is really
12 not set. Because my brain, when I read that, I'm, kind
13 of, thinking there's a consistent number of RFPs that's
14 out there, but it just sounds like that may fluctuate
15 based upon timing.

16 MS. TAYLOR: It could fluctuate. Like I said,
17 I think our financial advisor, for example, wasn't
18 necessarily up for RFP but the one that we were using at
19 that time did have to -- could no longer do business with
20 us because of a compliance issue that they had with some
21 of their other clients, anyway, but it was something that
22 we needed to do. It wasn't on the schedule, but we did
23 it.

24 But for some of the others, we do want to do
25 them every five to seven years; we just don't want to go

1 longer than seven years for some of those.

2 Now, some of the ones that I just mentioned,
3 like the marketing firm for Harris County, that's probably
4 a one-time thing, you know, we may not use them again, but
5 some of these certain counsels that we do need their
6 guidance ongoing, and we've had those type of professional
7 services for as long as I've been here, if not longer.
8 So, those are probably more the ones that follow the five
9 to seven year timeline.

10 MR. WILLIAMS: Okay.

11 MR. DIETZ: Is included in that even things
12 like commercial banking relationship?

13 MS. TAYLOR: Yes, for sure.

14 MR. DIETZ: Employee benefits, 401(k) provider,
15 all that.

16 MS. TAYLOR: Absolutely, all of those. IT
17 vendor.

18 MR. DIETZ: Even those, kind of, minor.

19 MS. TAYLOR: Yes.

20 MS. CARDENAS: And is five to seven years
21 customary? I guess what I'm saying is in different
22 sectors, right, sometimes it may be three years when
23 somebody goes out for public funds.

24 And I understand, it's a lot of work, right, to
25 engage with either a new firm or professional services,

1 but I also don't want to lock us into five to seven years.
2 Right? You know, it's when you're dealing with vendors,
3 right, they say, well, if you do a five-year contract,
4 we'll give you a discount but you're like you're locking
5 into five years. I want to go with the two or the three
6 year contract.

7 So, I guess my question is, you know, is that
8 something that we look at? Do we feel that five to seven
9 years is customary, or should we be looking at maybe three
10 to five years? Just something to think about.

11 MS. TAYLOR: I think we talked about it back in
12 2019, in terms of what would make sense for us as an
13 organization.

14 I'll be honest with you, I'm glad we did five
15 to seven years because COVID happened in between that, and
16 that would have been difficult. So, I think for right
17 now, five to seven years is working well, but certainly I
18 think we could look at what other entities like ourselves
19 are doing and to see if there's -- that's what we had been
20 aware of that for like state entities, state agencies,
21 five to seven years seemed to be what they were using, but
22 we can always certainly revisit that and do some more
23 research. Thank you.

24 MR. RASSIN: I think this is really excellent.
25 It looks like what I see at the private corporation I work

1 for. Thank you.

2 Is there anything else that's done differently
3 here to recognize our quasi-governmental status? Some of
4 the things I'm thinking about are anything to track
5 whether we're consistent with our enabling legislation,
6 any kind of communication with the Governor's Office to
7 seek direction that they may want to see the Corporation
8 taking.

9 Is there anything different along those lines
10 than we would see in an ordinary private company?

11 MS. TAYLOR: I think that's a good point.
12 Obviously, we always keep that in mind, our enabling
13 legislation, and our general counsel can tell you that
14 we're always having those conversations looking back on
15 that, and also with our External Relations Manager,
16 Michael Wilt, that conversation happens all the time.

17 And as part of their presentation, that
18 happened last month, they did address doing those type of
19 relationships and visits with the Governor's Office,
20 obviously, but also the legislators, because there are
21 certain committees that we certainly follow that deal more
22 with housing.

23 So, I think those are really good suggestions,
24 and if I may, I may circle back with you to see more of
25 what you have in mind to make sure I have correct writing.

1 And obviously, this isn't something that you're approving
2 today, so, especially, for the next fiscal year, we can
3 add something in there. Thank you.

4 So, I am going to move on to fiscal year 2024.
5 So, we kept a lot of the same goals, frankly, because I
6 think some of them, as Mr. Rassin mentioned, should
7 probably always be there because they're good practice.

8 But under Department Goal 1, Tactic 2, this is
9 one that we added. We changed the one that was previously
10 there, because we want to review new programs, such as the
11 Land Trust program that we really have started working on
12 more, such as the joint ventures that we're doing that you
13 heard about not just from Dave and Cassandra but also from
14 our audit team, and so we do want to review those
15 projects for revenue potential by enlisting help from our
16 joint venture counsel, financial advisors and other
17 necessary parties.

18 This is fairly new activity for us, and so we
19 want to make sure that we're getting the guidance that we
20 need from those entities.

21 And then, under Goal 3, Tactic 1, as you're
22 aware, we're working to create a new strategic plan. With
23 input from you and our staff, this is a project that
24 Mission Capital is helping us with, and we'll be having
25 more of that conversation this afternoon and throughout

1 the next several months. I think right now we're
2 scheduled to continue the conversation through probably
3 March of next year.

4 So next, I would like to point out Tactic 5,
5 which entails reviewing our salary ranges annually, to
6 ensure that we're keeping up with market. That's not
7 something that we've done on a regular basis, so we want
8 to make sure that we're doing that, so we added it to our
9 goals.

10 And lastly, I'd like to point out Tactic 7.
11 Melinda and her staff have been working with our IT
12 provider, our insurance company, and other parties to
13 ensure that we're handling sensitive information
14 carefully, keeping cybersecurity in mind.

15 And while we have a lot of SOPs on how we
16 handle that, we did an audit just recently of what
17 information different staff are handling, how are they
18 doing it, where is it kept, you know, just to make sure
19 that we're following best practices.

20 And that's my conclusion. I'll take any
21 questions.

22 MR. WILLIAMS: Chairman, I have one question.

23 Janie, for Department Goal 4, I guess Tactic 5,
24 since you said you really haven't been addressing that, I
25 guess, has the conversation been occurring frequently

1 within staff about various staff members either going
2 elsewhere, going to the private market because of salary,
3 or are you starting to see people leave?

4 I guess, because usually when that is discussed
5 or spoken about is because it's an issue where you're
6 trying to come back at so it doesn't become a problem.
7 I'm just curious since that's been put on there, unlike
8 previous, I guess, is that something where you and staff
9 should be concerned about with individuals leaving or just
10 people wanting more money?

11 MS. TAYLOR: People always want more money.
12 Who doesn't?

13 (General laughter.)

14 MS. TAYLOR: So, it's a little bit of something
15 that David and I have been working on with Melinda for a
16 while, and you know, during the height of COVID and
17 interest rates were really low, mortgage companies were
18 just picking up people wherever they could find them for
19 staff.

20 Of course, the industry is so different now.
21 But certainly, we wanted to see what's the market bearing
22 right now, because we didn't really have a good idea, so
23 we started working on things like that at that point. And
24 as we have staff that have been here, as you know, for a
25 long time, we want to make sure that we're creating just

1 levels.

2 And then, yes, we've had some conversations
3 about salary. Most of us live in this town that has a lot
4 of tech that's hard to compete with sometimes in certain
5 positions.

6 But at the same time, you know, we are a
7 nonprofit state entity, so there are some limits, but we
8 do want to make sure that we are paying our employees
9 fairly, and we want to keep the ones that -- which they
10 pretty much all are -- are excellent employees.

11 MR. DIETZ: Thank you.

12 MS. TAYLOR: Okay.

13 MR. WILLIAMS: The reason I asked that question
14 is because going back to reviewing the budget this morning
15 with the Audit Committee and we're fiscally responsible
16 only looking at budget, because our ultimate end goal of
17 the Corporation is to serve the citizens of Texas, it's
18 not just lining pocketbooks and then trying to figure out
19 everything else second.

20 Certain aspects of the budget have been
21 increasing, not because the Corporation just feels like
22 doing it. You mentioned it because of either what the
23 market can bear or how the Corporation can perform against
24 the market.

25 For what I've been seeing and just kind of

1 looking at the numbers and then just the various plans
2 that have been presented to us. I mean, you guys are
3 running an amazing organization with the resources and the
4 talent that you have, so I'd applaud you to put that
5 information out there. It's not easy to talk about it,
6 especially when everybody wants more money and there's
7 stipulations and limitations to do that.

8 So, like I said, I ask that question because I
9 know it probably has come up and you're trying to address
10 it the best way possible, so again, it's just more of a
11 statement and yet a commendation to the work that you and
12 the Corporation are doing.

13 MS. TAYLOR: And I will add, because I'm really
14 proud of where I work and I came from ten years in the
15 tech world before my 17 years here, and I will say that
16 for the most part -- and I'm going to just mention a few
17 things -- I think everyone here is here because they care
18 about the job that they do, they care about affordable
19 housing, they care about the people that we serve.

20 I work with incredibly smart and creative
21 people here, and we also do a really good job of providing
22 other types of things, you know, we provide really great
23 benefits.

24 David has made really great decisions about
25 making sure that the cost for our insurance is very

1 minimal for our employees. I hear from everyone about how
2 great it is, especially the people that come from another
3 place, of how great the insurance is.

4 You know, we also just provide a retirement
5 plan, and we match it, and we provide vacation and
6 personal time. We provide parental leave, paid parental
7 leave.

8 We have monthly staff recognition of birthdays
9 and work anniversaries. We have a holiday party. We're
10 doing a gingerbread house competition as a team-building.
11 You know, we do all these other things that may not be a
12 monetary value per se, but they create an environment that
13 I think people -- you know, I've been here 17 years, and
14 you can go around the room and how many people have been
15 here more than ten years, and it's the majority.

16 And I think while we really want to stay
17 competitive, because Austin is an expensive town, we do
18 know that the other things we do are also incredibly
19 helpful.

20 MR. WILLIAMS: Thank you.

21 MR. DIETZ: I'll just note that I haven't been
22 invited to the holiday party.

23 MS. TAYLOR: I am so sorry, Bill. We will be
24 adding you. I invite all of you. You will need to bring
25 a White Elephant gift, and there will be karaoke.

1 (General laughter.)

2 MR. DIETZ: Thank you very much for the
3 presentations.

4 And with that, I think that we want to adjourn
5 for lunch, and we'll reconvene our Board meeting after
6 lunch. Correct?

7 MR. LONG: One o'clock would be perfect.

8 MR. DIETZ: At one o'clock. And then, when Ms.
9 Cardenas leaves at 1:30, we can adjourn the meeting at
10 that point.

11 MR. LONG: And I would assume after lunch you
12 will not be returning, so will you be staying to reconvene
13 the meeting, or will Ms. Cardenas be opening the meeting
14 as chair?

15 MR. DIETZ: Yes. Valerie Cardenas will be
16 opening the meeting.

17 MR. LONG: So, I just want to make sure that
18 for the record we understand who will be attending and
19 that way if you're not going to be attending, Ms.
20 Cardenas, as vice chair, would be reconvening the meeting
21 at one o'clock.

22 MR. DIETZ: That's correct.

23 MR. RASSIN: Will it be a problem if we lose
24 quorum during that meeting?

25 MR. DIETZ: Yeah, what if we lose quorum, we

1 just don't reconvene?

2 MR. THORNHILL: If you lose quorum before you
3 have the reconvene, then you just come in here and
4 announce we don't have a quorum, meeting is over with,
5 it's adjourned until the next meeting.

6 But, if during the process, if somebody has to
7 leave and you don't have a quorum, we can then adjourn
8 that meeting. If that person is just temporarily out of
9 the room, that's one thing, but if they're leaving for the
10 day and you don't have quorum, then you can adjourn till
11 the next scheduled Board meeting, and we can stop
12 transcribing.

13 MR. DIETZ: Great. And then to be clear, the
14 only reason that we're even doing this is because if we
15 have three Board members present, it has to be an open
16 public meeting.

17 MR. THORNHILL: Exactly. It has to be
18 transcribed and it has to be an open meeting.

19 MR. DIETZ: Right, exactly.

20 MR. WILLIAMS: So, with that being said, so
21 Valerie, you're not going to --

22 MS. CARDENAS: I mean, I'm leaving.

23 MS. TAYLOR: You'll be here for 30 minutes.

24 MR. LONG: Essentially, from my understanding,
25 Mr. Williams, we'll be reconvening at one o'clock for

1 about 30 minutes and then prior to Ms. Cardenas's
2 departure, she will go ahead and just adjourn the meeting
3 at that point, because we will only have two members.

4 MR. WILLIAMS: Okay. Two members, okay.

5 MR. LONG: And as Mr. Thornhill just stated, at
6 that point in time, we can stop transcribing the meeting
7 and officially adjourn the meeting at that point. Further
8 discussions can continue outside of that regarding the
9 strategic plan but it will not be part of the meeting.

10 MR. WILLIAMS: Gotcha. Okay.

11 MR. DIETZ: And it's not just stated that there
12 are any action items, there aren't any action items.

13 MR. LONG: There are no action items related to
14 the strategic plan, that's correct. Tab item 6 is not a
15 voting item.

16 MR. DIETZ: Any other announcements before we
17 adjourn for lunch?

18 MR. LONG: No. Again, I just want to make a
19 couple of comments.

20 I want to thank Melinda, Nick, and Betsy for
21 their hard work on the audit. That is a month-or-two-long
22 process, and it takes a lot of time and effort. I know
23 they've all disappeared, so they're not here.

24 MR. DIETZ: Melinda is back.

25 MR. LONG: You're back.

1 I also want to thank the staff again. I mean,
2 the team of people that put together the PSH -- and I wish
3 that Katie --

4 MS. TAYLOR: She's here.

5 MR. LONG: I know she's here but I would like
6 to recognize that Katie, Michael, Laura, Taylor, Anna --
7 I'm not even going to do that because I'm going to miss
8 somebody -- Michael, everybody, and then all the staff
9 that showed up and helped outside of the team that Katie
10 has that showed up to help really made it worthwhile and
11 it was really a well done deal.

12 So again, I just wanted to recognize everybody
13 that participated. And with that, December 19 is our next
14 Board meeting, and we'll coordinate from there.

15 MR. DIETZ: Great. So, we are adjourned for
16 lunch at 11:54.

17 (Whereupon, at 11:54 a.m., the meeting was
18 recessed, to reconvene this same day, Tuesday, November
19 14, 2023, at 1:00 p.m.)

20 MS. CARDENAS: It is now 1:00 p.m., and we'll
21 go ahead and reconvene the Texas State Affordable Housing
22 Corporation Board meeting.

23 I believe we left off on tab item 6, which is
24 where we're going to pick up, which is the continued
25 discussion of our 2024 Strategic Plan.

1 We have with us Courtney Johnson-Rose and David
2 Rassin and myself, Valerie Cardenas present, but due to my
3 departure, we are going to need to, now, officially
4 adjourn our TSAHC Board meeting. It is now 1:01 p.m., so
5 we are officially adjourned.

6 (Whereupon, at 1:01 p.m., the meeting was
7 adjourned.)

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C E R T I F I C A T E

MEETING OF: TSAHC Board
LOCATION: Austin, Texas
DATE: November 14, 2023

I do hereby certify that the foregoing pages,
numbers 1 through 6464, inclusive, are the true, accurate,
and complete transcript prepared from the verbal recording
made by electronic recording by Elizabeth Stoddard before
the Texas State Affordable Housing Corporation.

DATE: November 21, 2023

(Transcriber)

On the Record Reporting
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